

VILLAGE OF MORGANZA, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

**VILLAGE OF MORGANZA
POINTE COUPEE PARISH, LOUISIANA
P. O. BOX 66
MORGANZA, LA 70759
(225) 694-3655**

MAYOR

Salvador J. Tuminello

ALDERMEN

Carmella Guedry
John Mitch Langlois
Stephanie Savoy

CITY MANAGER

Mark S. Ramagos

CITY CLERK

Elizabeth Dalton

CHIEF OF POLICE

Joseph B. Robillard

MEETING DATE

3rd Thursday of Every Month
7:00 PM - Town Hall

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Honorable Mayor Salvador J. Tuminello, Mayor
and Members of the Board of Aldermen
Village of Morganza, Louisiana

Report on Financial Statements

I have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of the Village of Morganza, Louisiana as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Honorable Mayor Salvador J. Tuminello, Mayor
and Members of the Board of Aldermen
Village of Morganza, Louisiana

Opinions

In my opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the Village of Morganza, Louisiana as of June 30, 2014, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison on pages 3 through 8, and page 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a report dated November 25, 2014, on my consideration of the Village's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

W. Kathleen Beard, CPA

Certified Public Accountant
Bueche, Louisiana
November 25, 2014

REQUIRED SUPPLEMENTAL INFORMATION

Management's Discussion and Analysis

This narrative report has been prepared in an easy-to-read format by management. It provides an analytical overview of the Village's financial activities for the year based on currently known facts and management's knowledge of the transactions, events, and conditions reflected in the financial report and the fiscal policies that control the Village's operations.

Village of Morganza, Louisiana
Management's Discussion and Analysis
June 30, 2014

INTRODUCTION

This annual report consists of -

- Our independent auditor's report on the financial statements in which she rendered an unmodified opinion.
- Management's discussion and analysis which provides in plain language an overview of our financial activities for the year.
- The basic financial statements which consist of government-wide financial statements, governmental and proprietary fund financial statements, and the notes to those financial statements.
- The comparison of actual operations for the year compared to the budget for the General Fund.
- Our independent auditor's report on the Village's compliance with laws and regulations and how management applied internal controls over its financial operations. The results of her tests and observations did not indicate any violations that she considered to be in noncompliance or conditions that required to be disclosed that could affect our operations.

Management's Discussion and Analysis

As management of the Village of Morganza, Louisiana, we are pleased to provide an overview of our financial activities for the year ended June 30, 2014. The intended purpose of the Management Discussion and Analysis (MD&A) is to provide an introduction to the basic financial statements and notes, that provides an objective and easy to read analysis of our financial activities based on currently known facts, decisions, and conditions, by providing an easily readable summary of operating results and reasons for changes which will help to determine if our financial position improved or deteriorated over the past year. This report addresses current operational activities the sources, uses, and changes in resources, adherence to budget, service levels, limitations of significant economic factors, and the status of infrastructure and its effects on our debt and operation. When referring to prior years data in this analysis we will be drawing upon information from last year's audited financial report.

Financial Highlights

- The Village's net position Increased by \$160,843 from \$1,900,955 in 2013 to \$2,061,798 in 2014
- Governmental revenues decreased from \$139,333 to \$134,721
- Utility operating revenues increased from \$343,384 to \$404,746
- Cash and investments increased by \$5,915 for the year ended June 30, 2014

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements which are comprised of four components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the financial statements, and (4) other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The Village's Government-wide Financial Statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The Government-Wide Financial Statements, presented on pages 9 and 10, are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Village's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The Statement of Activities presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

In the Statement of Net Position and the Statement of Activities, the Village is divided into two kinds of activities:

Governmental activities - Most of the Village's basic services are reported here, including police and fire protection, roads/street and drainage, debt service and general administration. Sales taxes, franchise fees, occupational licenses, and federal and state grants finance most of these activities.

Business-type activities - The Village charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Village's public utility systems (natural gas, water, and sewer) are reported here.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements of using certain taxes, grants, and other money. The Village's two kinds of funds - governmental and proprietary - use different accounting approaches.

Governmental Funds - Governmental funds, presented on pages 11 thru 12, focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. Most of the Village's basic services are reported in governmental funds. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements.

Proprietary Fund - When the Village charges customers for the services it provides - whether to outside customers or to other units of the Village - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Village's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash-flows, for proprietary funds.

Notes to the Financial Statements

The notes, presented on pages 16 thru 29, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's budgetary control, on page 30.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Village's financial position. At the end of the most recent year, the assets of the Village exceeded its liabilities by \$2,061,797.

The Village's total assets are composed of \$590,888 (27.70%) in cash, investments, and receivables, \$27,730 (1.30%) of noncurrent assets (restricted cash and cash equivalents) and \$1,514,915 (71%) investment in capital assets (land, buildings, utility systems, vehicles and equipment, etc.). The Village uses these capital assets to provide various services to residents and businesses in the incorporated area, these assets are not available for future spending.

The Village has \$546,882 to be used in future operations and acquisition of new capital assets that will improve the operations of the Village.

Statement of Net Position

	Governmental Activities	Business-type Activities	Total 2014	Total 2013	% Change
Current and other assets	\$ 74,972	\$ 515,916	\$ 590,888	\$ 590,804	.01%
Noncurrent assets	72,855	1,469,789	1,542,644	1,345,601	11.18%
Total assets	147,827	1,985,705	2,133,532	1,964,395	8.04%
Current and other liabilities	4,362	39,055	43,417	35,446	18.35%
Noncurrent liabilities	0	28,318	28,318	27,995	1.14%
Total liabilities	4,362	67,373	71,735	63,441	11.56%
Net position -					
Invested in capital assets, net of related debt	72,855	1,442,050	1,514,915	1,345,601	11.18%
Unrestricted	70,610	476,273	546,883	555,353	-1.552%
Total net assets	\$ 143,465	\$ 1,918,333	\$ 2,061,798	\$ 1,900,954	7.80%

(Continued on next page)

The Village's total revenues increased by \$298,501 from \$506,238 in 2013 to \$804,739 in 2014.

Total expenses increased by \$50,568 from \$593,329 in 2013 to \$643,897 in 2014.

Changes in Net Position

	Governmental Activities	Business-type Activities	Total 2014	Total 2013	% Change
Revenues					
Program revenues -					
Charges for services	\$ 40,630	\$ 385,261	\$ 425,891	\$ 370,081	+3.10%
Operating grants and contributions	-	-	-	-	.00%
Capital grants and contributions	-	265,070	265,070	20,000	92.45%
General revenues -					
Property taxes	15,867	-	15,867	14,822	6.59%
Sales taxes	51,539	-	51,539	56,099	-8.85%
Franchise taxes	18,290	-	18,290	16,460	10.01%
Intergovernmental	7,817	-	7,817	12,555	-60.62%
Other general revenues	579	19,485	20,064	12,700	36.70%
Investment earnings	-	202	202	521	-157.92%
Gain (Loss) on disposal of capital assets	-	-	-	3,000	-100.00%
Total revenues	134,721	670,018	804,739	506,238	37.09%
Functions/Program expenses -					
General government	54,520	238,569	293,089	263,271	10.17%
Public safety	33,799	-	33,799	40,226	-19.32%
Streets	53,589	-	53,589	53,453	.25%
Health and welfare	736	-	736	798	-8.42%
Utility operations	-	262,684	262,684	235,581	10.32%
Bad debts written off	-	-	-	-	0.00%
Total expenses	142,644	501,253	643,897	593,329	7.65%
Increase (Decrease) in net position	\$ (7,923)	\$ 168,765	\$ 160,842	\$ (87,091)	21.27%
Beginning net position	151,387	1,749,568	1,900,955	1,988,048	-4.58%
Ending net position	\$ 143,464	\$ 1,918,333	\$ 2,061,797	\$ 1,900,955	7.80%

Governmental Fund Financial Analysis

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Village's governmental fund is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

Revenues	FYE 2014 Amount	Percent of Total	FYE 2013 Amount	Increase (Decrease) From FYE 2013	Percent Increase (Decrease)
Taxes	\$ 85,696	63.61%	\$ 87,381	\$ (1,685)	-1.93%
Intergovernmental	10,021	7.44%	14,665	(4,644)	-31.67%
Charges for services	-	0.00%	-	-	0.00%
Fines and forfeitures	11,952	8.87%	10,610	1,342	12.65%
Licenses and permits	26,474	19.65%	25,395	1,079	4.25%
Miscellaneous	579	.43%	1,282	(704)	-54.85%
Total Revenues	\$ 134,721	100.00%	\$ 139,334	\$ (4,612)	-3.31%

Expenditures	FYE2014 Amount	Percent of Total	FYE 2013 Amount	Increase (Decrease) From FYE 2013	Percent Increase (Decrease)
General government	\$ 52,874	38.07%	\$ 50,069	\$ 2,805	5.60%
Police	33,795	24.33%	33,659	136	.40%
Street	51,494	37.07%	50,037	1,457	2.91%
Health and welfare	735	0.53%	798	(62)	-7.71%
Capital outlay	-	0.00%	845	(845)	-100.00%
Total Expenditures	\$ 138,899	100.00%	\$ 135,407	\$ 3,492	2.58%

Budgetary Highlights

The Village's annual operating budgets are the legally adopted expenditure control documents of the Village. These operating budgets were very conservative and during the year, the operating budgets were not amended.

The General Fund final budgeted revenues were \$129,900 which was \$4,821 less than actual revenues. Current expenditures were \$17,526 less than the original budget. Capital Outlays were \$0 compared to budgeted capital outlays of \$0 during the fiscal year.

A budgetary comparison statement for the General Fund is required and can be found on page 30. This statement compares the original adopted budget, the final amended budget, and the actual expenditures prepared on a budgetary basis which was prepared on the modified accrual basis of accounting.

Capital Assets

At June 30, 2014 and 2013, the Village had \$1,514,915 and \$1,345,601, respectively, invested in a broad range of capital assets, including land, buildings, utility systems, vehicles, and equipment.

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 2,000	\$ 2,000	\$ 30,610	\$ 30,610	\$ 32,610	\$ 32,610
Buildings	49,806	50,959	4,773	5,057	54,579	56,016
Improvements other than buildings			237,869	-	237,869	-
Machinery and equipment	10,780	14,559	24,522	34,569	35,302	49,128
Furniture and fixtures	45	240	789		834	240
Vehicles	-	-	52,242		52,242	-
Infrastructure	10,224	10,823			10,224	10,823
Utility property			1,091,255	1,196,784	1,091,255	1,196,784
Totals	\$ 72,855	\$ 78,581	\$ 1,442,030	\$ 1,267,020	\$ 1,514,915	\$ 1,345,601

During the current fiscal year, the Village made the following capital outlays:

Further detail on capital assets is presented in Note 7 on page 25.

Economic Factors and Next Year's Budgets and Rates

The budget adopted for the fiscal year ending June 30, 2015 only shows a moderate increase to maintain the services provided to the citizens of the Village.

The Village relies heavily on taxes and licenses and permits for the operations of the General Fund (80.93%). Therefore, governmental activities are impacted by the economic growth of the area.

The Public Utility Systems shows a negative net profit margin of 24.30% which has been a continuing trend over the past five years.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. *If you have questions about this report or need additional financial information, contact Lisa Dalton, Clerk or Mark David, Financial Consultant at 113 West Railroad Avenue, Morganza, LA (225) 694-3655, fax (225) 694-2477.*

BASIC FINANCIAL STATEMENTS

Village of Morganza, Louisiana
Statement of Net Position
June 30, 2014

STATEMENT A

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 55,774	\$ 443,290	\$ 499,064
Investments	-	-	-
Receivables (net of allowances for uncollectibles)	11,858	50,212	62,070
Inventory	-	7,821	7,821
Prepaid items	7,340	14,593	21,933
Total current assets	74,972	515,916	590,888
Noncurrent Assets:			
Restricted cash and cash equivalents	-	27,730	27,730
Total restricted cash and cash equivalents	-	27,730	27,730
Capital assets:			
Nondepreciable	2,000	215,640	217,640
Depreciable, net of accumulated depreciation	70,855	1,226,420	1,297,275
Total capital assets	72,855	1,442,060	1,514,915
Total noncurrent assets	72,855	1,469,790	1,542,644
TOTAL ASSETS	\$ 147,827	\$ 1,985,705	\$ 2,133,532
LIABILITIES			
Current Liabilities:			
Accounts, salaries, and other payables	\$ 4,362	\$ 9,210	\$ 13,572
Due to other governments	-	21,851	21,851
Compensated absences payable	-	7,994	7,994
Total current liabilities	4,362	39,055	43,417
Non-Current Liabilities:			
Payable from Restricted Assets - Customer meter deposits	-	28,318	28,318
Total liabilities payable from restricted assets	-	28,318	28,318
TOTAL LIABILITIES	4,362	67,373	71,735
NET POSITION			
Net Investment in Capital Assets	72,855	1,442,060	1,514,915
Unrestricted	70,610	476,273	546,883
TOTAL NET POSITION	\$ 143,465	\$ 1,918,333	\$ 2,061,798

The accompanying notes are an integral part of this statement.

STATEMENT B

**Village of Morganza, Louisiana
Statement of Activities
For the Year Ended June 30, 2014**

	Program Revenues				Net (Expenses)/ Revenue	Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions		Governmental Activities	Business-type Activities	Total
Governmental Activities								
General government	\$ 54,520	\$ 26,474	\$ -	\$ -	\$ (28,045)	\$ (28,045)	\$ -	\$ (28,045)
Public safety	33,799	11,952	-	-	(21,847)	(21,847)	-	(21,847)
Public works	53,589	2,204	-	-	(51,385)	(51,385)	-	(51,385)
Health and welfare	736	-	-	-	(736)	(736)	-	(736)
Total Governmental Activities	142,644	40,630	-	-	(102,014)	(102,014)	-	(102,014)
Business-type Activities								
General and administrative	238,569	-	-	-	(238,569)	-	(238,569)	(238,569)
Natural Gas	140,483	223,693	-	-	83,210	-	83,210	83,210
Water	66,074	71,543	-	25,000	30,469	-	30,469	30,469
Sewer	56,127	90,025	-	240,070	273,968	-	273,968	273,968
Total Business-type Activities	501,253	385,261	-	265,070	149,078	-	149,078	149,078
Total Primary Government	<u>\$ 643,897</u>	<u>\$ 425,891</u>	<u>\$ -</u>	<u>\$ 265,070</u>	<u>\$ 47,064</u>	<u>\$ (102,014)</u>	<u>\$ 149,078</u>	<u>\$ 47,064</u>
General Revenues:								
Property taxes						\$ 15,867	\$ -	\$ 15,867
Sales taxes						51,539	-	51,539
Franchise taxes						18,290	-	18,290
Intergovernmental						7,817	-	7,817
Other general revenues						579	19,485	20,064
Investment earnings						-	202	202
Total general revenues and transfers						94,091	19,687	113,778
Change in Net Position						(7,922)	168,765	160,843
Net position-beginning						151,387	1,749,568	1,900,955
Net position-ending						<u>\$ 143,465</u>	<u>\$ 1,918,333</u>	<u>\$ 2,061,798</u>

The accompanying notes are an integral part of this statement.

**Village of Morganza, Louisiana
Balance Sheet
Governmental Funds
June 30, 2014**

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS		
Cash and cash equivalents	\$ 55,774	\$ 55,774
Receivables -		
Taxes	8,745	8,745
From other governments	3,114	3,114
TOTAL ASSETS	\$ 67,633	\$ 67,633
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts, salaries, and other payables	\$ 4,362	\$ 4,362
Due to other funds	-	-
Due to other governments	-	-
Total Liabilities	4,362	4,362
Fund balances:		
Unassigned	63,270	63,270
Total Fund balances	63,270	63,270
TOTAL LIABILITIES AND FUND BALANCES	\$ 67,633	\$ 67,633

**Amounts reported for governmental activities in the
Statement of Net Position are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the Balance Sheet - Governmental Funds (net of accumulated depreciation of \$151,175) 72,855

Prepaid items for insurance premiums are not reported in the Balance Sheet - Governmental Funds 7,340

Net Position of Governmental Activities (Statement A) \$ 143,465

The accompanying notes are an integral part of this statement.

Village of Morganza, Louisiana
Statement of Revenues, Expenditures and
and Changes in Fund Balances
Governmental Funds
For the Year Ended June, 30, 2014.

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES		
Taxes:		
Ad valorem	\$ 15,867	\$ 15,867
Sales and use	51,539	51,539
Other taxes, penalties, interest, etc.	18,290	18,290
Licenses and permits	26,474	26,474
Intergovernmental revenues:		
State funds:		
Beer and video/poker taxes	7,817	7,817
Fees, charges, and commissions for services	2,204	2,204
Fines and forfeitures	11,952	11,952
Other revenues	579	579
Total Revenues	<u>134,721</u>	<u>134,721</u>
EXPENDITURES		
General government:	52,874	52,874
Public safety	33,795	33,795
Public works	51,494	51,494
Health and welfare	736	736
Capital outlay	-	-
Total Expenditures	<u>138,899</u>	<u>138,899</u>
Net Change in Fund Balance	(4,177)	(4,177)
Fund balances -- beginning	67,447	
Fund balances -- ending	<u>\$ 63,270</u>	

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated Useful lives and reported as depreciation expense. This is the amount which depreciation exceeded capital outlays in the current period

Depreciation expense	(5,726)
Capital outlays	-

Change in prepaid premiums reported in governmental activities are not current financial resources, and therefore are not reported in the Balance Sheet - Governmental Funds

1,982

Change in Net Position of Governmental Activities (Statement B)

\$ (7,922)

The accompanying notes are an integral part of this statement.

Village of Morganza, Louisiana
Statement of Net Position
Proprietary Funds
June 30, 2014

STATEMENT E

	BUSINESS-TYPE ACTIVITIES
	ENTERPRISE FUND
	Public Utilities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 443,290
Investments	-
Customer receivables (net of allowances for uncollectibles)	50,212
Due from other governments	-
Due from General Fund	-
Inventory	7,821
Prepaid items	14,593
Total Current Assets	<u>515,916</u>
Non-Current Assets:	
Restricted assets - cash and cash equivalents	27,730
Capital assets:	
Nondepreciable	215,640
Depreciable	2,942,951
Accumulated depreciation	<u>(1,716,531)</u>
Total Capital Assets	<u>1,442,060</u>
Total Non-Current Assets	<u>1,469,790</u>
TOTAL ASSETS	<u>1,985,705</u>
LIABILITIES	
Current Liabilities:	
Accounts, salaries, and other payables	\$ 9,210
Due to other governments	21,851
Compensated absences payable	7,994
Total Current Liabilities	<u>39,055</u>
Non Current Liabilities:	
Payable from Restricted Assets:	
Customer meter deposits	<u>28,318</u>
Total Non-Current Liabilities	<u>28,318</u>
TOTAL LIABILITIES	<u>67,373</u>
NET POSITION	
Net investment in capital assets	1,442,060
Unrestricted	476,273
TOTAL NET POSITION	<u>\$ 1,918,333</u>

The accompanying notes are an integral part of this statement.

STATEMENT F

Village of Morganza, Louisiana
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2014

	BUSINESS-TYPE ACTIVITIES
	<u>ENTERPRISE FUND</u>
	<u>Public Utilities</u>
Operating Revenues	
Charges for services:	
Natural Gas charges	\$ 223,693
Water charges	71,543
Sewer charges	90,025
Penalties	8,393
Miscellaneous	11,092
Total Operating Revenues	<u>404,746</u>
Operating Expenses	
General and administrative	238,569
Natural gas expenses	140,483
Water expenses	66,074
Sewer expenses	56,127
Total Operating Expenses	<u>501,252</u>
Operating Income/(Loss)	(96,506)
Nonoperating Revenues (Expenses)	
Interest earnings	<u>202</u>
Total Nonoperating Revenues (Expenses)	<u>202</u>
Income Before Contributions and Transfers	<u>(96,305)</u>
Capital Contributions -	
State of Louisiana - Division of Administration	45,000
Pointe Coupee Parish Police Jury	<u>220,070</u>
Change in Net Position	168,765
Total Net Position-Beginning	1,749,568
Total Net Position-Ending	<u><u>\$ 1,918,333</u></u>

The accompanying notes are an integral part of this statement.

**Village of Morganza, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014**

STATEMENT G

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND Public Utilities
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 395,513
Payments to suppliers	(298,414)
Payments to employees	(117,069)
Net Cash Provided (used) by Operating Activities	(19,970)
Cash Flows From NonCapital Financing Activities	
Increase in amount due to other governments	12,125
Increase in customer meter deposits liability	322
Net Cash Provided (used) by Noncapital Financing Activities	12,447
Cash Flows From Capital and Related Financing Activities	
Proceeds from state grant	65,000
Purchases of capital assets	(45,000)
Net Cash Provided (used) by Capital and Related Financing Activities	20,000
Cash Flows From Investing Activities	
Proceeds from sale of investments	-
Investment income	202
Net Cash Provided (used) by Investing Activities	202
Net Increase (decrease) in Cash and Cash Equivalents	12,679
Cash and Cash Equivalents, Beginning of Year	458,341
Cash and Cash Equivalents, End of Year	471,020
Cash and Cash Equivalents, Beginning of Year:	
Unrestricted	\$ 430,351
Restricted	27,991
	\$ 458,341
Cash and Cash Equivalents, End of Year:	
Unrestricted	\$ 443,290
Restricted	27,730
	\$ 471,020
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities	
Operating income/(loss)	(96,506)
Depreciation expense	90,030
Adjustments:	
(Increase) decrease in accounts receivable	(9,233)
(Increase) decrease in prepaid expenses	(1,228)
Increase (decrease) in accounts payable	(3,977)
Increase (decrease) in payroll liabilities	
Increase (decrease) in compensated absences payable	943
Total Adjustments	(13,494)
Net Cash Provided (used) by Operating Activities	(19,970)

The accompanying notes are an integral part of this statement.

VILLAGE OF MORGANZA, LOUISIANA

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Morganza, Louisiana (the "Village") was incorporated on March 6, 1908, under the provisions of Title 33, Chapter 2, Part 1, of the Louisiana Revised Statutes (Lawrason Act - Act No. 36 of 1898). The Village provides police protection; streets and drainage maintenance; public improvements; gas, water, and sewer services; and general administration to approximately 680 residents. The Village operates under a Mayor-Board of Aldermen Council form of government. The Mayor and three Council Members are elected at large to serve four year terms. The Village of Morganza is located in Pointe Coupee Parish with a geographic area of approximately six square miles. The Village employs six full-time employees. The Village provides natural gas, water and sewer services to the citizens of Morganza and maintains 20 miles of streets.

The Village's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Village are discussed below.

Reporting Entity

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided by the Codification, Section 2100 has been considered and as a result, the financial statements only include the primary government.

Basic Financial Statements – Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Village's police, public works, and general administrative services are classified as governmental activities. The Village's natural gas, water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (police, public works, etc.). The functions are also supported by general government revenues (property, sales and use taxes, franchise taxes and certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, public works, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or franchise taxes, intergovernmental revenues, interest income, etc.).

VILLAGE OF MORGANZA, LOUISIANA

Notes to Financial Statements

The Village does not allocate indirect costs. As a general rule, the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this rule are charges between the Village's natural gas, water, and sewer functions of the Village. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

Basic Financial Statements – Fund Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASBS No. 34 sets forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Village reports these major governmental funds and fund types:

General Fund - is the Village's primary operating fund. It is used to account for and report all financial resources except those required to be accounted for in another fund.

The activities reported in this fund are reported as governmental activities in the government-wide financial statements.

Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Village reports the following proprietary fund types:

Enterprise Fund - is required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements. The Public Utility Enterprise fund operates the Village's natural gas distribution system, water distribution system and its sewer system, which serves Village residents.

VILLAGE OF MORGANZA, LOUISIANA

Notes to Financial Statements

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Deferred Outflows of Resources and Deferred Inflows of Resources and Net Position

In December 2010, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Village has no items that qualify for reporting in this category.

VILLAGE OF MORGANZA, LOUISIANA

Notes to Financial Statements

Budgets

The Village uses the following budget practices:

- Budgets are prepared for the General Fund and Enterprise Fund on the GAAP Basis and appropriations (unexpended budget balances) lapse at year end.
- A notice of the proposed operating budgets is published and since the budget for the General Fund is less than \$250,000, the Village is required to hold at least one public hearing. Publication of the budget was made after adoption.
- There were no budget amendments made during the fiscal year.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property Taxes

Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 1 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year by the parish tax collector.

Cash, Cash Equivalents, and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Village may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

State statutes authorize the Village of Morganza, Louisiana to invest in United States bonds, treasury notes and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at market value.

Accounts Receivable and Bad Debts

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible (allowance method).

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

Inventories and Prepaid Items

Inventory of pumps for the sewer system are recorded as expenses when installed. Inventories for all other supplies are immaterial and are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include land, buildings, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and enterprise fund financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Purchased and constructed assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, net of interest earned on specific project related debt, during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. During the current year, the Village did not have any projects that required capitalization of interest.

Capital assets of the Village are depreciated using the straight-line method over the following estimated useful lives:

Natural Gas System	50 Years
Water System	10- 50 Years
Sewer System	5 - 50 Years
Equipment	5 Years
Furniture and Office Equipment	3 - 10 Years
Vehicles	5 Years

Capital asset acquisitions are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

Compensated Absences

Village employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement, or when sick. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the public utility funds only for amounts that have become due. At June 30, 2014, accumulated unpaid vacation leave is considered material and therefore has been accrued in the financial statements in the amount of \$7,994.

VILLAGE OF MORGANZA, LOUISIANA

Notes to Financial Statements

Fund Equity and Net Position

Government Wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position is displayed in three components:

- Investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position – Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provisions or enabling legislation
- Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets”.

Beginning with fiscal year 2009, the Village of Morganza implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications described the relative strength of the spending constraints placed on the purposes for which resources can be used:

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted – Amounts that can be spent only for specific purposes because of the Village Charter, Village Code, state or federal laws, or externally imposed conditions by grantors or creditors
- Committed – Amounts that can be used only for specific purposes determined by a formal action by Village ordinance or resolution.
- Assigned – Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by Village Board of Aldermen
- Unassigned – All amounts not included in other spendable classifications.

When fund balance resources are available for a specific purpose, the Village considers the most restrictive funds to be used first. However, the Village reserves the right to spend unassigned resources first when deemed appropriate.

Sales and Use Tax

The Village has a one per cent sales and use tax approved by the voters, for an indefinite period. The tax, after all necessary costs for collection and administration, is available for general purposes.

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

NOTE 2 - LEVIED TAXES

All taxable property located within the State of Louisiana is subject by law to taxation on the basis of its assessed valuation. The assessed value is determined by the Parish Assessor, except for public utility property which is assessed by the Louisiana Tax Commission.

The 1974 Louisiana Constitution provided that, beginning in 1978, all land and residential property were to be assessed at 10% of fair market value; agricultural, horticultural, marsh lands, timber lands and certain historic buildings are to be assessed at 10% of "use" value; and all other property is to be assessed at 15% of fair market value. Fair market values are determined by the elected assessor of the parish and are subject to review and final certification by the Louisiana Tax Commission. The Assessor is required to reappraise all property every four years.

The Sheriff of Pointe Coupee Parish, as provided by State Law, is the official tax collector of property taxes levied by the Village. All taxes are due by December 31 of the year and are delinquent on January 1 of the next year, which is also the lien date.

State law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. If the taxes are not paid by the due date of December 31st, the taxes bear interest at 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed.

Property taxes are recognized as revenue in the year for which they are levied and become due. The majority of the year's taxes are collected from November to February by the Sheriff. Any amounts not collected at June 30th are shown as accounts receivable.

The following is a summary of authorized and levied ad valorem taxes for the year 2013:

<u>Fund</u>	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General Fund	6.33	6.27	Indefinite

The difference between authorized and levied mill ages is the result of reassessments of taxable property in the parish as required by Article 7, Section 18 of the Louisiana Constitution of 1974.

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS

Cash and Cash Equivalents:

The following is a summary of cash and cash equivalents at June 30, 2014:

Petty cash/cash on hand	\$ 721
Demand deposits	526,073
Bond Mutual Fund	-
Total Cash and Cash Equivalents	<u>\$ 526,794</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure the Village's deposit may not be returned. Deposits are exposed to custodial credit risk if they are either (a) uninsured and uncollateralized, or (b) uninsured and collateralized with securities held by the pledging financial institution or its trust department/agent but not in the name of the Village. The Village's cash and investment policy, as well as state law, require that deposits be fully secured by federal deposit insurance or the pledge of securities owned by the bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the bank. The following chart represents bank balances for the Village as of June 30, 2014. Deposits are listed in terms of whether they are exposed to custodial credit risk.

	Uninsured & Uncollateralized	Federal Deposit Insurance	Uninsured & Collateralized With Securities Held By Pledging Institution or its Trust Department/Agent in the Entity's Name	Government Backed	Total Bank Balances All Deposits	Total Carrying Value All Deposits
Cash and cash equivalents	\$ -	\$ 501,521	\$ 27,685	\$ -	\$ 529,206	\$ 525,004

Investments:

The Village held no investments at June 30, 2014

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

NOTE 4 - RECEIVABLES

Receivables at June 30, 2014 consist of the following:

	General Fund	Public Utility	Total
Tax and license -			
Franchise taxes	\$ 4,252	\$ -	\$ 4,252
Occupational license	4,492	-	4,492
Intergovernmental -			
Louisiana -			
Beer and video poker tax	1,014	-	1,014
DOTD - Highway mowing	2,100	-	2,100
Utility Customers -			
Accounts	-	65,212	65,212
Total Gross Receivables	11,858	65,212	77,070
Less: Allowance for uncollectible accounts	-	(15,000)	(15,000)
Totals	<u>\$ 11,858</u>	<u>\$ 50,212</u>	<u>\$ 62,070</u>

NOTE 5 - INTERFUND RECEIVABLE AND PAYABLE BALANCES

Interfund loans receivable are considered "available spendable resources."

Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods and other miscellaneous receivables/payables between funds. At June 30, 2014 Due to/from balances were \$0.

NOTE 6 - RESTRICTED ASSETS

Restricted assets consist of utility customer deposits totaling \$27,730 at June 30, 2014.

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance 7/1/2013	Increases	Decreases	Balance 6/30/2014
Governmental Activities				
Non-depreciable:				
Land	\$ 2,000	\$ -	\$ -	\$ 2,000
Total Non-depreciable	2,000	-	-	2,000
Depreciable:				
Buildings	58,426	-	-	58,426
Equipment	95,111	-	-	95,111
Furniture and fixtures	2,302	-	-	2,302
Vehicles	51,190	-	-	51,190
Infrastructure	15,000	-	-	15,000
Total Depreciable	222,029	-	-	222,029
Less: Accumulated depreciation				
Buildings	7,467	1,153	-	8,620
Equipment	80,552	3,778	-	84,331
Furniture and fixtures	2,062	195	-	2,257
Vehicles	51,190	-	-	51,190
Infrastructure	4,177	600	-	4,777
Total accumulated depreciation	145,448	5,726	-	151,175
Total Depreciable, Net	76,581			70,855
Governmental Activities Capital Assets, net	<u>\$ 78,581</u>			<u>\$ 72,855</u>

Depreciation expense charged to functions of the primary government as follows:

General government	\$ 1,811
Public safety - police	1,571
Public works	2,345
	<u>\$ 5,726</u>

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements.

	Balance <u>7/1/2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/2014</u>
Business-type Activities				
Non-depreciable				
Land	\$ 30,610	\$ -	\$ -	\$ 30,610
Land improvements	-	185,030	-	185,030
Construction in progress	-	-	-	-
Total	30,610	185,030	-	215,640
Depreciable:				
Improvements	16,553	55,040	-	71,593
Buildings	11,291	-	-	11,291
Utility systems	2,653,455	25,000	-	2,678,455
Equipment	90,534	-	-	90,534
Furniture and fixtures	2,403	-	-	2,403
Vehicles	88,675	-	-	88,675
Total Depreciable	2,862,911	80,040	-	2,942,951
Less: Accumulated depreciation				
Improvements	16,553	2,202	-	18,754
Buildings	6,234	284	-	6,518
Utility systems	1,518,432	68,768	-	1,587,200
Equipment	55,965	10,046	-	66,012
Furniture and fixtures	1,586	28	-	1,614
Vehicles	27,731	8,702	-	36,433
Total Accumulated depreciation	1,626,501	90,029	-	1,716,531
Total Depreciable, net	1,236,410			1,226,420
Business-type Activities Capital Assets, net	<u>\$ 1,267,020</u>			<u>\$ 1,442,060</u>

Depreciation expense charged to functions of the primary government as follows:

Public Utility:	
General and administrative	\$ 2,831
Natural gas	6,288
Water	39,216
Sewer	41,695
	<u>\$ 90,029</u>

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

NOTE 8 - UTILITY SERVICE AGREEMENT

An agreement between the Solid Waste Disposal System of the Parish of Pointe Coupee and the Village of Morganza provides for the billing of customers on the Village's system. Under the terms of the agreement, the Village retains a \$.75 per customer as a billing fee. The amount owed to the Solid Waste Disposal System as of June 30, 2014 is \$17,250.

An agreement between the Mosquito Abatement District of the Parish of Pointe Coupee and the Village of Morganza provides for the billing of customers on the Village's system. The amount owed to the Mosquito Abatement District as of June 30, 2014 is \$1,636.

On March 12, 2013 the Pointe Coupee Parish Police Jury approved an ordinance that imposes a drainage maintenance fee of \$2.50 on all owners and or other occupants of dwellings and business places to provide revenue to defray the cost of providing and maintaining a system of drainage within the parish. The fee is to be assessed and collected either directly by the police jury or by municipalities providing utility service within the parish. At June 30, 2014 the Village owed Pointe Coupee Parish Police Jury \$2,965 for fees collected.

NOTE 9 - CENTRALIZED COLLECTION AGENCY AGREEMENT

In accordance with Paragraph (B)(1) of Section 3 of Article VII of the Constitution of the State of Louisiana, the Village entered into an agreement on May 20, 1992 with all of the sales and use taxing authorities of the Parish of Pointe Coupee designating the Sales Tax Department of the Pointe Coupee Parish Police Jury as the single tax collection entity. The agreement is effective as of July 1, 1992, the agreement authorizes the Village to compensate the collection agency 1.25% of the gross amounts collected.

NOTE 10 - PENSION PLAN AND RETIREMENT COMMITMENTS

Social Security and Medicare -

All employees of the Village are members of the Federal Social Security and Medicare System. The total payroll for employees of the Village covered by the System for the year ended June 30, 2014, was \$179,047.

The total contribution to the System is 15.3% of taxable payroll of which the Village contributes 7.65% and employees contribute 7.65% each. For the year ended June 30, 2014, the Village contributed \$13,535 to the System.

Municipal Employees' Retirement System of Louisiana (System) -

Plan Description: The System is composed of two distinct plans. Plan A and Plant B, with separate assets and benefit provisions. Some employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plant B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy: Under Plan B, members are required by state statute to contribute 5.0% of their annual covered salary and the Village of Morganza is required to contribute at an actuarially determined rate. The rate was 8% of annual covered payroll. The contribution requirements of plan members and the Village of Morganza are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Village of Morganza contributions to the System under Plan B for the years ending June 30, 2014, 2013, and 2012, were \$8,095, \$7,267, and \$7,206, respectively, equal to the required contributions for each year.

NOTE 11 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to public official liability, police professional liability, theft or impairment of assets, errors and omissions, health of and/or injury to employees, natural disasters, and owners and contractors protective liability.

The Village is currently a member in Louisiana Municipal Risk Management Agency (LMRMA), formed under Louisiana Act No. 462 of 1979 to provide a program of workers' compensation, accident and health, and public liability coverage for its member organizations. In accordance with Revised Statute 33:1341-1350, all local government subdivisions in the State of Louisiana are eligible to participate. The LMRMA Public Liability Fund's general objectives are to formulate, develop, and administer, on behalf of the member local governmental subdivisions, a program of inter-local risk management, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Local governmental subdivisions joining the Fund must be members of the Louisiana Municipal Association; a member may withdraw from the Fund by giving proper notice. Fund underwriting and rate-setting policies have been established by the Board of the Fund after consultation with actuaries. If the assets of the Fund were to be exhausted, members would only be responsible to their respective outstanding claims. The Village participates in the workers' compensation and public liability programs.

The Village purchases commercial insurance for all other risks of loss. Settled claims have not exceeded commercial coverage in any of the past three years, and there have not been any significant reductions in coverage from amounts held in prior year.

The Village has contracted with Louisiana Municipal Risk Management Agency to provide liability coverage for general acts, law enforcement, and public officials' errors and omissions. In addition, the Village has contracted with a commercial insurance company to provide liability coverage on vehicles. At June 30, 2014, no significant claims were owed and no liability has been recorded.

VILLAGE OF MORGANZA, LOUISIANA
Notes to Financial Statements

NOTE 12 - SUBSEQUENT EVENTS

Management for the Village of Morganza has evaluated events or transactions occurring after the balance sheet date through November 25, 2014.

NOTE 13 - COMPENSATION PAID TO BOARD MEMBERS

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, compensation paid to the mayor and board members is as follows:

Mayor	- Salvador J. Tuminello	\$4,200
Council Members	- John Mitch Langlois	2,400
	- Carmella Guedry	2,400
	- Stephanie Savoy	2,400
		<hr/> \$11,400 <hr/>

NOTE 14 – CONTRIBUTION FROM POINTE COUPEE PARISH POLICE JURY

Pointe Coupee Parish received a grant from the U. S. Department of Housing and Urban Development through the Louisiana Division of Administration, Office of Community Development LCDBG Disaster Recovery Unit to be used for various projects in the parish. One of the projects was the Village of Morganza Sewer Pond Levee Restoration. The total cost for this project was \$240,070, of which Morganza contributed \$20,000. The Village reported a Capital Contribution from the parish of \$220,070 and an acquisition of an asset of \$240,070.

REQUIRED SUPPLEMENTARY INFORMATION (Part II)

The following Budgetary Comparison Schedule - General Fund is required by GASB 34. The schedule presents the original adopted budget and final budget for the fiscal year and compares the final budget to actual operations of the Town.

State Law requires the Village to amend it's budget when projected actual revenues and surplus is 5% below the adopted budget or when projected actual expenditures exceed 5% of the adopted budget. For the year ended June 30, 2014, actual revenues were 104 % and actual expenditures were 89% of the final adopted budget.

**Village of Morganza, Louisiana
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget Over(Under)</u>
Revenues				
Taxes	\$ 85,700	\$ 85,700	\$ 85,695	\$ (5)
Intergovernmental	8,100	8,100	7,817	(283)
Charges for services	2,100	2,100	2,204	104
Fines and forfeitures	9,000	9,000	11,952	2,952
Licenses and permits	24,000	24,000	26,474	2,474
Miscellaneous	1,000	1,000	579	(421)
Total Revenues	129,900	129,900	134,721	4,821
Expenditures				
Current:				
General government	61,665	61,665	52,874	8,791
Police	39,800	39,800	33,795	6,006
Streets	54,360	54,360	51,494	2,866
Health and welfare	600	600	736	(136)
Capital outlays	-	-	-	-
Total Expenditures	156,425	156,425	138,899	17,526
Excess of Revenues Over/(Under) Expendit	(26,525)	(26,525)	(4,177)	22,348
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Total Other Financing Sources (uses)	-	-	-	-
Net Change in Fund Balance	(26,525)	(26,525)	(4,177)	22,348
Fund Balance Beginning of Year	61,666	61,666	67,447	5,781
Fund Balance End of Year	\$ 35,141	\$ 35,141	\$ 63,270	\$ 28,129

Notes to the Schedule

- (1) Budget utilizes the modified accrual basis of accounting (GAAP)
- (2) The budget was not amended
- (3) Budget reflects excess expenditures over revenues due to current operating costs

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following pages contain a report on internal control and on compliance with laws and regulations and other matters as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the basic financial statements and includes, where appropriate, any significant deficiencies and/or material misstatements in internal control or compliance matters that would be material to the presented financial statements.

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF THE BASIC FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor Salvador J. Tuminello, Mayor
and Members of the Board of Aldermen
Village of Morganza, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of Village of Morganza, Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued my report thereon dated November 25, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, I do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employee, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an

opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village of Morganza, Louisiana's Response to Findings

The Village of Morganza, Louisiana's response to the findings identified in my audit is described in the accompanying schedule of current year findings and responses. The Village of Morganza, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

W. Kathleen Beard

Certified Public Accountant
Bueche, Louisiana
November 25, 2014

**Village of Morganza, Louisiana
Schedule of Findings and Responses
For the Year Ended June 30, 2014**

Summary of Audit Results

Financial Statements

Type of auditor's report issued: Unmodified Opinion

- Material Weaknesses _ Yes X No
- Significant Deficiency identified that is
not considered to be material weaknesses _ Yes X None reported

Noncompliance Material to the Financial Statements ___ Yes X None reported

Federal Awards

N/A - Federal awards below \$500,000 thresh hold required by OMB Circular A-133

Management Letter

No management letter was issued

Village of Morganza, Louisiana
Summary Schedule and Resolution of Prior Year Findings

Findings - Financial Reporting

2013-1 Violation of State Banking Laws R.S 39:1211, Et Seq.

Condition: Fiscal agent bank failed to maintain adequate deposit collateral to secure the deposits in excess of federal deposit insurance resulting in unsecured deposits of \$23,813.

Cause: The fiscal agent bank failed to classify one of the demand deposit accounts as public funds which put the combined account balances of non-interest bearing demand deposits over the \$250,000 maximum for federal deposit insurance coverage.

Recommendation: Village management should continuously monitor deposit collateral from information provided by fiscal agent bank, compared to bank balances to ensure that deposits are adequately covered at all times.

Resolution: The finding was corrected and adequate deposit collateral was secured.

Management Letter

No management letter was issued